APPENDIX E

LIQUIDATION ANALYSIS

The Bankruptcy Code requires that each holder of an impaired Claim or Interest either (a) accept the Plan or (b) receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the value such holder would receive or retain if the Debtors were liquidated under Chapter 7 of the Bankruptcy Code on the Effective Date. The first step in meeting this test is to determine the dollar amount that would be generated from the liquidation of the Debtors' assets and properties in the context of a Chapter 7 liquidation case. The gross amount of cash available would be the sum of the proceeds from the disposition of the Debtors' assets and the cash held by the Debtors at the time of the commencement of the Chapter 7 case. Such amount is reduced by the amount of any Claims secured by such assets, the costs and expenses of the liquidation, and such additional administrative expenses that may result from the termination of the Debtors' business and the use of Chapter 7 for the purposes of liquidation. Any remaining net cash would be allocated to creditors and shareholders in strict priority in accordance with Section 726 of the Bankruptcy Code.

A general summary of the assumptions used in preparing the liquidation analysis follows.

Estimate of Net Proceeds

Estimates were made of the cash proceeds that might be realized from the liquidation of the Debtors' assets. The Chapter 7 liquidation period is assumed to commence on January 1, 2005, with the liquidation process to be completed approximately twelve months following appointment of a Chapter 7 trustee. There can be no assurance that the liquidation can be completed in a limited time frame nor is there any assurance that the recoveries assigned to the assets can in fact be realized. Under Section 704 of the Bankruptcy Code, an appointed trustee must, among other duties, collect and convert the property of the estate as expeditiously as is compatible with the best interests of the parties-in-interest. The liquidation analysis assumes that there would be pressure to complete the liquidation process within twelve months. The need to convert property to cash may have an adverse impact on the proceeds realized from the sale of the Debtors' assets. For certain assets, estimates of the liquidation proceeds were made for each asset individually. For other assets, liquidation values were assessed for general classes of assets by estimating the percentage recoveries that the Debtors might achieve through their disposition.

Estimate of Costs

The Debtors' cost of liquidation under Chapter 7 would include the existing infrastructure expenses associated with managing the liquidation process, fees payable to a Chapter 7 trustee, as well as those which might be payable to attorneys and other professionals that such a trustee may engage. Further, costs of liquidation would include any obligations and unpaid expenses incurred by the Debtors during the Chapter 11 case and allowed in the Chapter 7 case, such as trade obligations, compensation for attorneys, financial advisors, appraisers, accountants and other professionals, and costs and expenses of members of any statutory committee of unsecured creditors appointed by the United States Trustee pursuant to Section 1102 of the Bankruptcy Code.

Additional claims would arise by reason of the breach or rejections or obligations incurred and executory contracts or leases entered into by the Debtors both prior to, and during the pendency of, the Reorganization Cases. It is possible that a conversion to a Chapter 7 case could result in wind-down expenses being greater or less than the estimated amount. Such expenses are in part dependent on the length of time of the liquidation.

Distribution of Net Proceeds

The foregoing types of claims, costs, expenses, and fees and such other Claims that may arise in a liquidation case would be paid in full from the liquidation proceeds before the balance of those proceeds would be made available to pay pre-Chapter 11 priority and Unsecured Claims.

After consideration of the effects that a Chapter 7 liquidation would have on the ultimate proceeds available for distribution to creditors, including (i) the increased costs and expenses of a liquidation under Chapter 7 arising from fees payable to a trustee in bankruptcy and professional advisors to such trustee, (ii) the erosion in value of assets in a Chapter 7 case in the context of the expeditious liquidation required under Chapter 7 and the "forced sale" atmosphere that would prevail, and (iii) substantial increases in claims which would be satisfied on a prior basis, THE DEBTORS HAVE DETERMINED THAT CONFIRMATION OF THE PLAN WILL PROVIDE CREDITORS WITH A RECOVERY THAT IS NOT LESS THAN CREDITORS WOULD RECEIVE PURSUANT TO A LIQUIDATION OF DEBTORS UNDER CHAPTER 7 OF THE BANKRUPTCY CODE.

Moreover, the Debtors believe that the value of any distributions from the liquidation proceeds to Allowed Claims in the Chapter 7 cases would be the same or less than the value of distribution under the Plan because such distribution may not occur for a substantial period of time. In this regard, it is possible that distribution of the proceeds of the liquidation could be delayed for a year or more after the completion of such liquidation. In the event litigation were necessary to resolve the Claims, the delay could be further prolonged and administrative expenses further increases. The effects of this delay on the value of distributions under the hypothetical liquidation have not been considered.

THE DEBTORS' LIQUIDATION ANALYSIS IS AN ESTIMATE OF THE PROCEEDS THAT MAY BE GENERATED AS A RESULT OF A HYPOTHETICAL CHAPTER 7 LIQUIDATION OF THE ASSETS OF THE DEBTORS. Underlying the liquidation analysis are a number of estimates and assumptions that are inherently subject to significant economic, competitive and operational uncertainties and contingencies beyond the control of the Debtors or a Chapter 7 trustee. Additionally, various liquidation decisions upon which certain assumptions are based are subject to change. Therefore, there can be no assurance that the assumptions and estimates employed in determining the liquidation values of the Debtors' assets will result in an accurate estimate of the proceeds that would be realized were the Debtors to undergo an actual liquidation. The actual amounts of Claims against the estate could vary significantly from the Debtors' estimates, depending upon the Claims asserted during the pendency of the Chapter 7 case. Moreover, this liquidation analysis does not include liabilities that may arise as a result of litigation, certain new tax assessments, or other potential Claims. This analysis also does not include potential recoveries from avoidance actions. Therefore, the actual liquidation value of the Debtors could vary materially from the estimates provided herein.

The liquidation analysis set forth on the following page is based on the estimated values of the Debtors' assets as of August 31, 2004. These values have not been subject to any review, compilation or audit by any independent accounting firm.

GEO Specialty Chemicals, Inc.
Preliminary Liquidation Analysis
($ in thousands)

	Unaudited Book Value August 31, 2004	Recovery Percent	Liquidation Amount	Notes
Cash & Equivalents	$7,453	100%	$7,453	A1
Trade Accounts Receivable	23,686	75%	17,764	A2
Other Accounts Receivable	662	0%	-	A3
Inventories	26,899	73%	19,627	A4
Prepayments & Other Current Assets	3,350	15%	500	A5
Total Current Assets	62,050		45,345	
Land	5,192			
Mineral Reserves	2,136			
Buildings & Improvements	19,734			
Construction in Process	3,649			
Total Real Estate Assets	30,711	44%	13,565	A6
Equipment	127,146	6%	7,134	A7
Less: Accumulated Depreciation & Depletion	(71,369)			
Plant, Property, & Equipment	86,488			
Other Accounts Receivable	2,443	0%	-	A8
Other Intangible Assets	2,714	0%	-	A9
Deferred Financing Costs	3,266	0%	-	
Other Deferred Costs & Non-Current Assets	5,273	30%	1,600	A10
Total Assets	$162,234		$66,043	

		Notes
Total Gross Proceeds of Liquidation	$66,043	
Fee to Chapter 7 Trustee	1,981	B1
Professional Fees / Administrative Expenses	3,000	B2
Commissions on Equipment Sales	1,070	B3
Commissions on Property Sales	814	B4
Total Estimated Liquidation Costs	6,865	
Total Available for Distribution	$59,178	

Total Claims:	Estimated Claim	Recovery $	Recovery %	Notes
Debtor-in-Possession Financing	14,000	14,000	100%	C1
Priority Claims	354	354	100%	C2
Pre-Petition Senior Facilities	101,824	44,824	44%	C3
Senior Notes	6,621	-	-	C4
Senior Subordinated Notes	127,770	-	-	C5
Other Unsecured Claims	9,700	-	-	C6
Total	$260,269			

Notes to Liquidation Analysis

A1) Cash and cash equivalents consists of all cash in banks or operating accounts and are considered fully collectable.

A2) The majority of the Debtor's accounts receivable consists of trade receivables. The book value herein is net of the allowance for doubtful accounts. The recovery percentage is based on such factors as the aging and historical collection patterns of the receivables and the effect of the Debtors' liquidation.

A3) Other current account receivables consists primarily of such items as employee receivables and petty cash. These receivable items are assumed to have a negligible rate of recovery.

A4) Raw materials inventory comprises approximately one-third of the total inventory amount, finished goods inventory and work-in-process together make up two thirds. Due to the relatively short processing time involved, work-in-process is combined herein with finished goods and is assumed to be collected at a rate of 60%. The raw materials inventory is assumed to be collected at 80%. Gallium is excluded from the above calculations and is assumed to be collected at 90%.

A5) Prepaid expenses consists of vendor deposits, repair parts, insurance payments, as well as other miscellaneous items. 50% of vendor deposits are considered collectible, but all other prepaid expenses assume no collections.

A6) Recovery for real estate assets provided by August 2004 Cushman & Wakefield market value appraisal of such assets, based on a 12 month marketing period. The appraisals considered the value of land, buildings, and improvements.

A7) Equipment is composed of production equipment, machinery, furniture, fixtures, office equipment, information systems, etc. The recovery rate for equipment is based on an estimation of orderly liquidation value provided by Dovebid Valuation Services in August 2004.

A8) Other Accounts Receivable consists of tax receivables for the GEO Gallium division. No liquidation value has been attributed to this asset.

A9) Other Intangible Assets consists of patents and trademarks that are assumed to have no liquidation value.

A10) Other Deferred Costs and Non-Current Assets consists of assets related to the Pinjarra, Australia project. Certain equipment relating to this project is assumed to be sold at full current book value.

B1) Fee to liquidation trustee estimated at 3% of the total gross liquidation proceeds.

B2) Comprised of Chapter 11 professional fees as well as various wrap-up costs relating to liquidation of the estate.

B3) Commissions on equipment sales estimated to be 15% of gross proceeds of equipment liquidation.

B4) Commissions on property sales estimated to be 6% of gross proceeds of property sales.

C1) Assumes DIP balance after $6 million of expenses incurred for wind-down of operations and $8 million for plant closure costs over a 12 month period.

C2) Miscellaneous Priority Claims are primarily comprised of tax claim amounts.

C3) Prepetition senior credit facility claim along with certain additional accrued interest amounts.

C4) Balance of 15% Senior Notes including unpaid principal, accrued and unpaid interest, fees and other expenses.

C5) Balance of 8 1/8% Senior Subordinated Notes including unpaid principal, accrued and unpaid interest, fees and other expenses.

C6) Includes approximately $9.7 million of pre-petition accounts payable and miscellaneous unsecured claims.